

## Message Text

CONFIDENTIAL

PAGE 01 TAIPEI 06493 241103Z

62

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 AGR-05 AGRE-00 COME-00 TRSE-00

STR-04 FEA-01 CEA-01 CIAE-00 DODE-00 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 USIA-06 PRS-01 SP-02 OMB-01 IO-13

/101 W

----- 089926

R 241005Z SEP 76

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 1152

INFO AMEMBASSY SEOUL

C O N F I D E N T I A L TAIPEI 6493

EO 11652 GDS

TAGS ETRD

SUBJECT: TALKS WITH REPUBLIC OF CHINA ON CANNED MUSHROOMS

REF: (A)TAIPEI 6413; (B) STATE 233054

1. BEGIN SUMMARY. AFTER TWO MEETINGS OFFICIALS OF THE REPUBLIC OF CHINA ASSURED AMBASSADOR YEUTTER THAT THEY WOULD NOT SHIP MORE THAN 19 MILLION POUNDS OF CANNED AND BOTTLED MUSHROOMS TO THE US DURING THE FIRST FIVE MONTHS OF 1977. THIS AMOUNT ADDED TO EXPECTED ARRIVAL FROM TAIWAN DURING THE SECOND HALF OF 1976 OR 17.4 MILLION POUNDS WOULD MAKE A TOTAL OF 36.4 MILLION POUNDS FOR CROP YEAR 1976/1977. THE COMMITMENT BY ROC WAS TEMPERED BY ITS CONCERN THAT A COMMITMENT WOULD BE OBTAINED BY USG FROM THE REPUBLIC OF KOREA TO HAVE A GROWTH RATE EQUAL TO THAT AGREED TO BY THE ROC. AMB YEUTTER SAID HE WOULD TRY TO BE FAIR TO BOTH COUNTRIES. END SUMMARY.

2. AMBASSADOR YEUTTER MET ON MORNING OF SEPT. 23 WITH VICE MINISTER OF ECONOMIC AFFAIRS Y.S. LIU TO DISCUSS RECENT UPSURGE IN IMPORTS OF CANNED MUSHROOMS FROM THE REPUBLIC OF CHINA. HE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TAIPEI 06493 241103Z

HE EXPLAINED TO MINISTER LIU THAT IMPORT LEVELS OF THE PST 90

DAYS HAVE CAUSED GREAT CONCERN IN THE UNITED STATES.

3. LIU RESPONDED THAT THE UPSURGE IN EXPORTS FROM TAIWAN TO THE US WAS ATTRIBUTABLE TO THREE FACTORS:

A) ANTICIPATING A 3 PERCENT RISE IN TAIWANESE CANNED MUSHROOM PRICE SCHEDULED FOR AUG 1, US IMPORTERS MADE ADVANCE PURCHASES;  
B) BECAUSE US CANNED MUSHROOM STOCKS WERE INSUFFICIENT TO MEET US DEMAND, THE MARKET PRICE IN US INCREASED ALMOST 30 PERCENT AND IMPORTERS BOUGHT TAIWANESE MUSHROOMS TO MEET DEMANDS;  
C) OCEAN FREIGHT RATES WERE EXPECTED TO RISE IN SEPTEMBER AND US BUYERS WANTED TO SHIP BEFORE THEN.

4. LIU SAID THAT ALTHOUGH THE MONTHS OF JUNE-AUGUST WITNESSED A SIGNIFICANT INCREASE IN THE ARRIVAL OF TAIWANESE CANNED MUSHROOMS THERE IS, IN FACT, NO CAUSE FOR ALARM IN THE US. THE ROC HAS ONLY 300,000 LGS. LEFT TO SHIP TO THE US IN 1976 AND TOTAL SHIPMENTS TO THE US FOR CY 1976 WPOD BE 35,269,000 LBS. LIU ASSURED AMBASSADOR YEUTTER THAT THE FEAR OF CONTINUED EXPORTS AT THE JUNE AUG. LEVEL WAS UNFOUNDED.

5. AMBASSADOR YEUTTER ASKED LIU WHAT GOC PROJECTIONS WERE FOR EXPORTS TO THE US IN 1977 IN LIGHT OF AN EXPECTED ROC PRODUCTION INCREASE. LIU SAID THAT THE ROC PLANS TO SHIP TO THE US 38,795,000 LBS IN CY 1977. WHEN QUESTIONED ABOUT SHIPMENTS TO THE EC LIU WENT OVER HISTORY OF EC RESTRICTIONS ON TAIWANESE MUSHROOMS AND NOTED THAT EC RESTRICTIONS WERE LOOSENING.

6. AMBASSADOR YEUTTER THEN EXPLAINED THAT ITC SECTION 201 INVESTIGATION ASKED FOR BY THE PRESIDENT WOULD PROBABLY TAKE 6 MONTHS TO COMPLETE AND A PRESIDENTIAL DECISION COULD TAKE TWO ADDITIONAL MONTHS. THIS MEANT THAT A PRESIDENTIAL DECISION WOULD LIKELY BE MADE SHORTLY BEFORE THE END OF THE US MUSHROOM CROP YEAR (JUNE 30). HE TOLD LIU THAT HE WOULD THEREFORE LIKE TO TAKE BACK TO WASHINGTON A GENERAL UNDERSTANDING ON IMPORTS FROM TAIWAN FOR THE PERIOD JULY 1, 1976 TO JUNE 30, 1977. HE SAID THAT HE WAS NOT ASKING FOR A FORMAL RESTRAINT AGREEMENT OF ANY SORT, BUT ASSURANCES THAT WILL RELIEVE THE FEARS OF US CANNING INDUSTRY. AMB. YEUTTER SAID THAT THE FIGURE HE HAD IN MIND WAS 37 MILLION POUNDS FOR THE CROP YEAR. HE EXPLAINED THAT THIS FIGURE CONSTITUTES A CONTINUATION OF THE RATE OF IMPORTS WHICH PREVAILED DURING THE FIRST HALF OF 1976.  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03    TAIPEI 06493 241103Z

AMB YEUTTER ADDED THAT IF LIU COULD AGREE ON THIS QUANTITY, HE WOULD SEEK TO OBTAIN A FIGURE FROM THE KOREANS THAT WOULD BE REASONABLY COMPARABLE AND FAIR TO BOTH TAIWAN AND KOREA. IF TAIWAN WISHED TO RESERVE ON ITS FINAL ASSURANCES UNTIL THAT TIME, THIS WOULD BE SATISFACTORY TO THE US.

7. LIU ASKED AMB YEUTTER WHAT THE US ATTITUDE ON TAIWAN MUSHROOMS WOULD BE DURING THE SECOND HALF OF 1977. AMB YEUTTER

REPLIED THAT THIS DEPENDED ON THE ITC RECOMMENDATIONS AND THE PRESIDENT'S

DECISION, NEITHER OF WHICH COULD BE PREDICTED AT THIS POINT.

ALTHOUGH HE SAID THAT HE COULD, OF COURSE, MAKE NO COMMITMENTS ON THE PRESIDENT'S ACTIONS, HE FELT THAT IF RESTRICTIONS WERE APPLIED, THEY WOULD ALLOW FOR REASONABLE IMPORT GROWTH.

8. LIU SIAD THAT SINCE THE PROBLEM BEING DEALT WITH IS SIMILAR TO SETTING UP A QUOTA AND INVOLVED THE MUSHROOM INDUSTRY, HE WOULD HAVE TO CONSULT WITH THEM. HE TOLD AMB YEUTTER HE WOULD PROVIDE A REPLY LATER.

9. ON SEPT. 24, AMB YEUTTER MET AGAIN WITH ROC OFFICIALS, VICE MINISTER LIU WAS PRESENT BUT THE DISCUSSIONS WERE LED BY H.K. SHAO, DEPUTY DIRECTOR GENERAL OF THE BOARD OF FOREIGN TRADE.

10. IT WAS CLEAR THAT THE CHINESE WISHED TO BE COOPERATIVE. AFTER A BRIEF DISCUSSION OF METHODOLOGY THEY SAID THAT DURING THE FIRST FIVE MONTHS OF 1977 THEY WOULD SHIP A MAXIMUM OF 19 MILLION POUNDS OF CANNED AND BOTTLED MUSHROOMS TO THE UNITED STATES. (THERE HAD BEEN SOME QUESTION ABOUT WHETHER BOTTLED MUSHROOMS WERE INCLUDED AND IT WAS AGREED THAT THEY WERE.) THE END OF MAY CUT OFF WAS CHOSEN BECAUSE SHIPMENTS AFTER MAY 30 WOULD NOT ARRIVE IN THE US UNTIL AFTER JULY 1977, THE NEXT CROP YEAR. SINCE TAIWANESE MUSHROOM ARRIVALS IN THE US DURING THE SECOND HALF OF 1976 WOULD BE APPROXIMATELY 17.4 MILLION POUNDS, TOTAL ARRIVALS FOR THE CROP YEAR 1976/77 WILL BE AROUND 36.4 MILLION POUNDS WHICH IS WITHIN THE FIGURE AMB. YEUTTER HAD SUGGESTED THE PREVIOUS DAY.

11. ALTHOUGH THE ROC GAVE THE ASSURANCES WE WERE SEEKING AND SEEMED COMMITTED TO IT, SHAO DID ADD A CAVEAT. HE SAID THAT THE ROC IS DEEPLY CONCERNED ABOUT OUR TREATMENT OF KOREAN MUSHROOMS. SHAO INSISTED THAT THE GROWTH RATE PROVIDED TO KOREA MUST BE NO MORE CONFIDENTIAL

CONFIDENTIAL

PAGE 04 TAIPEI 06493 241103Z

THAN THAT GIVEN TO THE ROC OR INVERSELY, IF IT IS HIGHER, THAN THE ROC FIGURE SHOULD INCREASE. IN SUM SHAO WANTED SIMILAR TREATMENT FOR BOTH COUNTRIES.

12. AMB YEUTTER RESPONDED THAT THE RATE OF IMPORTS FROM THE TWO COUNTRIES VARIED FROM YEAR TO YEAR AND ONE COULD NOT USE THE SAME BASE YEAR AND ARRIVE AT AN EQUITABLE SOLUTION. HE NOTED THAT KOREA HAD BEEN INCREASING ITS EXPORTS TO THE US AT A MORE RAPID RATE THAN THE ROC. BUT HE PROMISED TO TRY HARD TO TREAT THE ROC FAIRLY IN RELATION TO THE ROC. HE SAID THAT HE WOULD KEEP THE ROC INFORMED OF THE CONCLUSIONS OF HIS TALKS IN SEOUL AND, IF NECESSARY, WOULD RETURN TO TAIPEI TO CONSULT WITH THEM, ALTHOUGH HE WOULD PREFER NOT TO. THE CONSULTATIONS ENDED WITH A COMMITMENT TO SOME DEGREE SUBJECT TO THE OUTCOME OF THE SEOUL CONSULTATIONS. UNGER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** IMPORTS, MUSHROOMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 SEP 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976TAIPEI06493  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760362-0346  
**From:** TAIPEI  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760921/aaaaarpm.tel  
**Line Count:** 169  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 TAIPEI 6413, 76 STATE 233054  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24 MAY 2004 by ShawDG>; APPROVED <22 SEP 2004 by greeneet>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TALKS WITH REPUBLIC OF CHINA ON CANNED MUSHROOMS  
**TAGS:** ETRD, TW, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006